

PROPOSED ERRATA 2006 INTEGRATED ENERGY POLICY REPORT UPDATE January 3, 2007

Executive Summary

Page E-2, first paragraph under “Slow Progress in Achieving Renewable Portfolio Standard Goals:”

The investor-owned utilities, including Pacific Gas and Electric, Southern California Edison, and San Diego Gas and Electric, continue to affirm their commitment to the Renewable Portfolio Standard. They claim progress in achieving Renewable Portfolio Standard goals based on contracts they have entered into over the last few years for as much as ~~4,095~~ 3,936 megawatts of renewable capacity. However, only 242 megawatts of those renewable contracts represent new facilities that are on line and delivering electricity today. To meet the goal of 20 percent by 2010, the investor-owned utilities, collectively, will need to add as much as 1,500 megawatts of eligible renewable generating capacity over the next four years beyond what is already under contract.

Chapter 2, “Midcourse Review of the Renewable Portfolio Standard”

Page 5, footnote number 6:

Senate Bill 107 (~~Sher~~), ~~Chapter 516, Statutes of 2002~~ states: “The flexible rules for compliance shall apply to all years, including years before and after a retail seller procures at least 20 percent of total retail sales of electricity from eligible renewable resources.”

Page 5, second to last paragraph:

Although IOUs have signed contracts for as much as ~~4,100~~ 3,936 megawatts (MW) of renewable capacity, only ~~about 240~~ 242 new MW are actually on line and delivering energy. Because the RPS statute includes provisions for flexible compliance—with retail sellers given up to three years to make up deficits in current year RPS targets—the IOUs have argued that they have until 2013 to meet the 20 percent by 2010 goal.

Pages 8-9, beginning with second full paragraph:

The IOUs have made more progress in contracting for future deliveries than in increasing delivered renewable electricity. Since California’s RPS was established in 2002, the IOUs have conducted two cycles of renewable energy solicitations and negotiated a number of bilateral agreements with developers. As a result the IOUs have

signed 69 contracts for between ~~2,669~~ 2,552 and ~~4,095~~ 3,936 MW of new and existing renewable capacity, with the range reflecting potential build-out options. If all of these contracts come to fruition, they will represent significant progress toward meeting the state's RPS goals.

The *Energy Action Plan*, adopted by the CPUC in May 2003, identified 4,200 MW as the amount of incremental renewable capacity needed to meet the 2010 goal. The amount of renewable capacity under contract therefore might appear to represent significant progress. However, contracts for ~~454~~ 104-116 MW (depending on build out) have been canceled, at least 10 are not expected to deliver until 2010 or later, and at least ~~22~~ 13 have been delayed. In addition, a significant share of the contracted capacity is from renegotiated contracts with facilities developed prior to the RPS and does not represent new development. More importantly, to date only 242 MW of new facilities under contract are currently on line and delivering electricity. By comparison, since 2002 more than 1,500 MW of new wind capacity has been installed in Texas, which recently surpassed California as the largest market for wind power in the United States.

The amount of new energy expected from contracts that have been signed as of ~~September~~ October, 2006, is between ~~6,331~~ 7,015 gigawatt hours (GWh) and ~~11,103~~ 11,786 GWh per year (less transmission and distribution losses). The larger figure is the maximum estimated available generation if all contractual options to increase capacity are exercised, which is by no means certain. However, only an estimated ~~952~~ 785 GWh per year will be produced from facilities that are on line at the end of ~~September~~ October, 2006. To meet the RPS goal of 20 percent by 2010, the IOUs, collectively, will need to add between ~~1,337~~ 1,543 GWh and ~~6,624~~ 6,314 GWh annually over the next three years. Assuming an average 50 percent capacity factor, the additional energy needs translate to between ~~305~~ 352 MW and ~~1,510~~ 1,442 MW of additional renewable generating capacity by 2010.

Page 9, footnote number 13:

Based on California Energy Commission estimates of 2010 retail sales of 35,360 gigawatt hours, less 2005 RPS-eligible generation of 22,405 gigawatt hours, less expected generation from contracts signed as of ~~September~~ October 2006 but not on line in 2005 (~~7,185~~ 6,641 to ~~12,030~~ 11,412 GWhs), and assuming a 50 percent average capacity factor for the 2010 renewable resource mix.

Page 42, final sentence of first paragraph:

Out of total RPS contracts for between ~~2,669~~ 2,552 and ~~4,095~~ 3,936 MW contracted since 2002 (depending on build-out), only about 4 to 6 percent represents repowered wind.